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FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4503
INFO RUEHBJ/AMEMBASSY BEIJING 6483
RUEHUL/AMEMBASSY SEOUL 8528
RUEHKO/AMEMBASSY TOKYO 8568
RUEHCN/AMCONSUL CHENGDU 1740
RUEHGZ/AMCONSUL GUANGZHOU 0065
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RUEHGH/AMCONSUL SHANGHAI 0891
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RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHINGTON DC
RHHJJAA/JICPAC HONOLULU HI
RUEKJCS/SECDEF WASHINGTON DC
RHHMUNA/USPACOM HONOLULU HI

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000616

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E.O. 12958: DECL: 3/15/2032

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SUBJECT: ACADEMICS OFFER PERSPECTIVES ON TAIWANESE IDENTITY
AND FUTURE CROSS-STRAIT RELATIONS

Classified By: AIT Director Stephen M. Young, Reason 1.4 (b/d)

11. (C) Summary: Four prominent Taiwan political scientists -- two each from the Blue and Green camps -- told the Director on March 14 that the growth in Taiwanese identity over the past decade does not equate to stronger support for Taiwan independence, which has remained relatively constant since the late 1990s. They pointed that many people in Taiwan remain open to a variety of future possibilities regarding Taiwan's relationship with China. The academics predicted that Taiwan's next president, whether DPP or KMT, will be pragmatic and moderate on cross-Straits issues, especially the development of economic relations. They suggested that Beijing's willingness to engage Taiwan's newly elected leadership will be an important factor in the pace of cross-Straits development. Agreeing that Taiwan needs to improve its defense capabilities, the academics from both sides of the color line lamented the fact that the defense budget has been held hostage to short-term political interests. End Summary.

12. (U) The Director hosted a lunch on March 14 with four prominent Taiwan political scientists to discuss Taiwan politics and democracy. On the Blue side, Chu Yun-han (Ph.D. University of Minnesota) teaches at National Taiwan University and specializes in Taiwan's democratic institutions. Chen I-hsin (Ph.D. Columbia University) teaches American Studies at Tamkang University and is a keen observer of pan-Blue politics. On the Green side, Wu Nai-teh (Ph.D. University of Chicago) is a research fellow at Academia Sinica and an expert on Taiwan national identity. Hsu Yung-ming (Ph.D. University of Michigan), a research fellow at Academia Sinica, is a polling expert and pan-Green political pundit.

National Identity, Taiwan Independence, and Polling

13. (C) The four academics agreed that the growth in Taiwanese identity as reflected in public opinion polls does not mean stronger support for Taiwan independence. Wu explained that the percentage of Taiwan's population that defines itself exclusively as "Chinese" has dropped from 27 percent in 1994 to 6.3 percent in 2004, while the percentage of those who say they are exclusively "Taiwanese" has grown

from 33 to 45 percent over the same period. Those who identify themselves as both "Taiwanese and Chinese" has floated in the 40 percent range. Despite the growth of the "Taiwanese" identity, the percentage of those who support independence and oppose unification has flattened out at 29 percent after a substantial increase in the early to mid-1990s. Those who can accept either independence or unification under favorable conditions, moreover, has remained relatively stable and surprisingly high (24 percent) over the same period.

KMT Politics

14. (C) The academics agreed that the greatest challenge faced by the KMT is the rivalry between former KMT Chairman Ma Ying-jeou and Legislative Yuan Speaker Wang Jin-pyng over the party's 2008 presidential nomination. The KMT is unlikely to split, however, having learned from its loss in 2000 that two pan-Blue candidates would hand the DPP an electoral victory. Accordingly, the academics predicted that party pressure on Ma and Wang to compromise will increase over the coming weeks. Although acknowledging that Ma's legal problems have weakened his position, Chen argued that Ma remains the KMT's only hope as Wang is not strong enough to defeat the DPP. Chen observed that Wang might be interested in a future premiership or be willing to become Ma's vice presidential running mate. Hsu, however, suggested that Wang's best option may be to remain LY Speaker where he could continue to wield considerable influence and remain relatively independent of Ma if Ma were to win the presidency in 2008.

DPP Politics

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15. (C) Given Ma's problems and the KMT's internal troubles of late, Hsu predicted that the DPP has a good chance of winning the presidential race, but he conceded that the KMT would likely maintain control over the legislature. Most of the academics agreed that a joint ticket between Premier Su Tseng-chang and former Premier Frank Hsieh (Chang-ting) would

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pose the greatest challenge to Ma Ying-jeou. Such a ticket will be difficult to form, however, because Su and Hsieh are neck-and-neck in public opinion polls and neither will want to play second fiddle. Hsu noted that DPP Chairman Yu Shyi-kun has been strongly backing constitutional reform, renouncing the "four noes" pledge, and pushing name rectification to win support from the Deep Green. The academics pointed out that during the party's presidential primary President Chen will be balancing between the need to back a winner and the desire to ensure his own continued influence after 2008. Wu suggested that Frank Hsieh, a previous rival to Chen within the party, would likely stake out more independent policies and distance himself from the President's controversial stances on independence and cross-Strait issues.

Defense Budget and Constitutional Reform

16. (C) The Director emphasized the need for Taiwan to improve its self-defense capabilities in the face of the ongoing rapid modernization of the PRC military. Agreeing with the Director that Taiwan needs to improve its defense, the academics noted that proposed increases to the defense budget have been held hostage to political manipulation by both sides. Most recently, the pan-Blue camp has been holding up passage of the annual budget to pressure the DPP into accepting a bill that would give the Blues control of the Central Election Commission. The DPP, for its part, is blaming pan-Blue obstructionism for failure to pass the

defense budget. Chu suggested that Ma, especially since he is no longer KMT Chairman, may lack the clout to influence the KMT LY caucus. Chu said he had heard reports that Speaker Wang might be pulling punches on the CEC bill to maintain leverage over Ma Ying-jeou.

Post-2008 Cross-Strait Developments

17. (C) The academics predicted that cross-Strait economic relations after 2008 will continue to improve under a new president, who, whether from the KMT or DPP, is likely to be more pragmatic and moderate than Chen Shui-bian. The pace of development will depend on Beijing's willingness to engage and show policy flexibility toward Taiwan's newly elected leaders. Chu suggested that Ma might accelerate the pace of opening, but the difference between him and Frank Hsieh or Su Tseng-chang would be one of degree rather than direction.

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Chen, further, argued that the KMT has a history of caution and conservatism and, moreover, Ma would be under strong pressure from the DPP. Therefore, absent strongly positive PRC overtures, Ma would likely move slowly on expanding cross-Strait relations.

Comment

18. (C) Our discussion with the academics suggests that, not surprisingly, presidential and legislative election politics will consume Taiwan over the coming year. Although increasing Taiwanese identity does not translate directly into support for independence, the DPP is likely to push identity politics and independence-related themes in the presidential campaign in hopes of pressuring and weakening the KMT, especially Ma Ying-jeou.

YOUNG